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October 16, 2007

VIA HAND DELIVERY

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

**RE: An Examination of the Application of the Fuel Adjustment Clause of
Louisville Gas and Electric Company From November 1, 2004 Through
October 31, 2006**
KPSC Case No. 2006-00510

Dear Ms. O'Donnell:

Enclosed please find and accept for filing the original and ten copies of Louisville Gas and Electric Company's Motion to Correct Order in the above-referenced matter. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions or need any additional information, please contact me at your convenience.

Very truly yours,

W. Duncan Crosby III

WDC/ec
Enclosures
cc: Parties of Record

400001.125785/495509.1

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION)	
OF THE FUEL ADJUSTMENT CLAUSE OF)	
LOUISVILLE GAS AND ELECTRIC COMPANY)	CASE NO. 2006-00510
FROM NOVEMBER 1, 2004 THROUGH)	
OCTOBER 31, 2006)	

MOTION OF LOUISVILLE GAS AND ELECTRIC COMPANY TO CORRECT ORDER

Louisville Gas and Electric Company (“LG&E”) hereby respectfully moves the Public Service Commission (“Commission”) to issue an Order *nunc pro tunc* correcting in two respects its October 12, 2007 Order (“Final Order”) in this proceeding. First, in ordering paragraphs 3 and 4 of the Final Order, the Commission states:

3. The rates in Appendix A are approved to be effective with LG&E’s first billing cycle for November 2007.

4. Beginning with its first billing cycle for November 2007, LG&E shall use an FAC rate based on a base fuel cost of 17.03 mills per kWh.¹

LG&E respectfully moves the Commission to issue an Order correcting the Final Order in this proceeding to replace the above-underlined words with “December”. As LG&E stated in its January 22, 2007 response to the Commission Staff’s December 18, 2006 Data Request No. 34, LG&E’s practice since its last two-year FAC proceeding has been to implement changes in base fuel costs beginning with the first billing cycle in the second month following the month in which the Commission issues an order changing base fuel costs. Implementation of the changes in base rates beginning with the first billing cycle in the second month following the month in

¹ Final Order at 11 (emphases added).

which the Commission issues an order changing base fuel costs is necessary because the fuel adjustment clause billings are based on the expenses incurred in the second prior month. Because LG&E bills customers each month for the fuel costs incurred in the second prior month, billing customers according to new base fuel costs beginning in November would create a mismatch between fuel costs as filed with the Commission and the billed rates. Thus, to prevent such a mismatch and in accord with LG&E's current and Commission-approved approach to implementing new base fuel costs, such costs should be implemented beginning with LG&E's December 2007 billing cycle.

Second, the Companies respectfully request that the Commission amend Appendix A of its Final Order to include the Residential Responsive Pricing ("RRP") and General Responsive Pricing ("GRP") rates, adjusted to include the new base fuel costs as follows:

SCHEDULE RRP

RESIDENTIAL RESPONSIVE PRICING SERVICE

Plus an Energy Demand Charge:

Low Cost Hours (P1):	\$0.04344
Medium Cost Hours (P2):	\$0.05574
High Cost Hours (P3):	\$0.10992
Critical Cost Hours (P4):	\$0.30461

SCHEDULE GRP

GENERAL RESPONSIVE PRICING SERVICE

Plus an Energy Demand Charge:

Low Cost Hours (P1):	\$0.04754
Medium Cost Hours (P2):	\$0.06244

High Cost Hours (P3):	\$0.13681
Critical Cost Hours (P4):	\$0.30461

These rates were not included in LG&E's previous filings in this proceeding because LG&E had submitted this case for decision by June 15, 2007,² whereas the Commission approved the RRP and GRP tariffs by Order dated July 12, 2007.³ It is important to roll into the RRP and GRP tariffs the new fuel costs because, as described in the proceedings in which the Commission approved them, LG&E designed the tariffs to be revenue-neutral if customers do not change their electric consumption patterns.⁴ The only way to maintain this neutrality is to roll into these new tariff rates the new base fuel costs.

WHEREFORE, Louisville Gas and Electric Company respectfully moves the Commission to enter an Order *nunc pro tunc* correcting the Commission's Final Order in this proceeding, dated October 12, 2007, by replacing the third and fourth ordering paragraphs, which currently read (with emphases added):

3. The rates in Appendix A are approved to be effective with LG&E's first billing cycle for November 2007.

4. Beginning with its first billing cycle for November 2007, LG&E shall use an FAC rate based on a base fuel cost of 17.03 mills per kWh.⁵

with the following text:

3. The rates in Appendix A are approved to be effective with LG&E's first billing cycle for December 2007.

² LG&E first submitted its proposed new base fuel cost on January 22, 2007, in its response to the Commission Staff's December 18, 2006 Data Request No. 1. Also, LG&E first provided revised tariff sheets to reflect the proposed new base fuel cost on January 22, 2007, in response to the Commission Staff's December 18, 2006 Data Request No. 17. The RRP and GRP rate schedules are not available for service until on or after January 1, 2008.

³ *In the Matter of: Application of Louisville Gas and Electric Company for an Order Approving a Responsive Pricing and Smart Metering Pilot Program*, Case No. 2007-00117, Order (July 12, 2007).

⁴ *See id.* at 6.

⁵ Final Order at 11 (emphases added).

4. Beginning with its first billing cycle for December 2007, LG&E shall use an FAC rate based on a base fuel cost of 17.03 mills per kWh.

LG&E further respectfully moves the Commission to amend its Appendix A to the Final Order to include the following Residential Responsive Pricing and General Responsive Pricing rates:

SCHEDULE RRP

RESIDENTIAL RESPONSIVE PRICING SERVICE

Plus an Energy Demand Charge:

Low Cost Hours (P1):	\$0.04344
Medium Cost Hours (P2):	\$0.05574
High Cost Hours (P3):	\$0.10992
Critical Cost Hours (P4):	\$0.30461

SCHEDULE GRP

GENERAL RESPONSIVE PRICING SERVICE

Plus an Energy Demand Charge:

Low Cost Hours (P1):	\$0.04754
Medium Cost Hours (P2):	\$0.06244
High Cost Hours (P3):	\$0.13681
Critical Cost Hours (P4):	\$0.30461

Dated: October 16, 2007

Respectfully submitted,



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Counsel for Louisville Gas and Electric
Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the above and foregoing Motion was served, via United States mail, postage prepaid, to the following persons on the 16th day of October 2007:

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Office of Rate Intervention
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